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## STATUTORY DAMAGES FOR USE OF A “COUNTERFEIT TRADE MARK” AND FOR COPYRIGHT INFRINGEMENT IN SINGAPORE

### A Radical Remedy in the Law of Intellectual Property or One in Need of a Rethink?

The difficulty in (trade mark) counterfeiting and (copyright) piracy cases of assessing damages on traditional tortious principles led to the introduction into Singapore law of the statutory damages remedy in 2004, following the US–Singapore Free Trade Agreement. The new remedy does not require the successful plaintiff to prove its loss in the standard way and allows the court to take into account both the behaviour of the defendant and the need to deter such activities when making awards. Despite the radical nature of the remedy, which was generally welcomed by rights-owners at the time of its introduction more than a decade ago, it does not seem to have been used as frequently as may have been expected, to judge from the dearth of reported decisions in both the State Courts and the High Court. This article considers the remedy and how it might be amended or extended.

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### I. Introduction

1 As a result of the US–Singapore Free Trade Agreement<sup>1</sup> (“FTA”) that was signed on 7 May 2003, a new remedy was added in 2004 to the suite that is available to the trade mark owner whose right has been infringed by a counterfeit trade mark and to the owner of an infringed copyright. In a radical departure from the traditional view of the role of damages in the law of tort in Singapore, the trade mark and copyright owner was allowed to claim statutory damages that are based not only

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1 6 May 2003.

on traditional notions of compensation but also on both the behaviour of the defendant and the need to deter others from infringing.

2 Of course, since 1987 the law of copyright in Singapore has contained in its Copyright Act<sup>2</sup> (“CA”) the remedy of additional damages, under which a court may make an award that takes into account the flagrancy of the infringement and the profits made by the infringer.<sup>3</sup> However, the new remedy introduced into Singapore intellectual property (“IP”) law the possibility of an award of damages aimed at deterrence in addition to the flagrancy element known already to the law of copyright but not, until 2004, the law of trade marks.

3 The new remedy was clearly aimed principally at providing trade mark and copyright owners with a more effective form of redress than had been available hitherto against what, respectively, are known colloquially as “counterfeiters” and “pirates”, although somewhat surprisingly in the case of copyright the remedy is available to all successful plaintiffs. The traditional process of assessing damages in IP infringement cases is too cumbersome and expensive in many cases to provide a meaningful remedy against counterfeiters and pirates who will rarely, if ever, follow the detailed procedures for the submission and exchange of evidence that that process requires.

4 At a time of heightened concern around the world at the level of infringement of IP rights and in view of initiatives to attract more IP disputes to be heard in the domestic courts as well as the Singapore International Commercial Court, it is opportune now, more than

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2 Cap 63, 2006 Rev Ed.

3 Section 119(4) of the Copyright Act (Cap 63, 2006 Rev Ed) (“CA”) states:

Where, in an action under this section —

- (a) an infringement of copyright is established; and
- (b) the court is satisfied that it is proper to do so, having regard to —
  - (i) the flagrancy of the infringement;
  - (ii) any benefit shown to have accrued to the defendant by reason of the infringement; and
  - (iii) all other relevant matters,

the court may, in assessing damages for the infringement under subsection (2)(b), award such additional damages as it considers appropriate in the circumstances.

The wording of s 119 is similar to s 115 of the Australian Copyright Act 1968 and the provision there in relation to additional damages owes its origin to s 17(3) of the UK Copyright Act 1956 (c 74), a provision that was replaced in the English Copyright, Designs and Patents Act 1988 (c 48) by a power in s 97(2) to award additional damages “as the justice of the case may require”. On this issue generally, see Mary Wong, “Additional Damages for Copyright Infringement” (1998) 2 SJICL 117. Prior to the amendment of the CA in 1998 that repealed it, s 120(b) permitted the court to award “just and equitable” damages in addition to relief granted under s 119, but no case had done so.

ten years after the introduction of the new remedy, to assess its impact and consider how it might be improved or even extended to other IP rights.

5 This is especially so in view of the recent media coverage of the attempts by Dallas Buyers Club LLC (“DBC”), which owns copyright in the film “The Dallas Buyers Club”, to threaten large numbers of people in Singapore who it alleges have downloaded unauthorised copies of the film. Some of this coverage has made mention of the statutory damages provision in the CA<sup>4</sup> when commenting on the warning letters<sup>5</sup> sent to the alleged infringers whose names have been provided as a result of court orders obtained by DBC requiring Singaporean Internet service providers like M1 to disclose names and Internet Protocol addresses of those who have downloaded the film via peer-to-peer networks.

6 DBC is a subsidiary of Voltage Pictures Inc, a Hollywood studio that has attracted significant ire in the US and Canada as a result of its profitable activities as a copyright troll, threatening to sue large numbers of downloaders for statutory damages but settling for sums much less than the maximum allowed under the copyright legislation.<sup>6</sup> Whilst there are a number of reasons why copyright trolls are unlikely to prosper in Singapore, including the fact that contingency fees are not permitted, the actions of DBC raise important policy questions about the use and possible misuse of the statutory damages provision in the CA, although fortunately the caps contained in it should limit the

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4 For example, see Irene Tham, “Dallas Buyers Club Case: Uphill Task to Sue Users, Say Lawyers” *The Straits Times* (9 April 2015).

5 According to TODAY (Kelly Ng, “Dallas Buyers Club Downloads: Peer Sharing ‘Affects Livelihoods’, Says Studio” *TODAY* (10 April 2015)), the demand letters sent to 71 M1 subscribers by Samuel Seow Law Corp, the law firm acting for Dallas Buyers Club LLC in Singapore, ask the recipient to make a written offer of damages and costs within three days of receipt, failing which proceedings may be commenced.

6 In an online interview with the law firm acting for Voltage Pictures Inc (apparently the parent company of Dallas Buyers Club LLC) in lawsuits brought in the US in 2010–2011 for unauthorised downloading of the film “The Hurt Locker”, it is suggested that the 24,595 individual defendants were asked to pay as much as US\$2,900 in order to avoid further litigation and costs: Greg Sandoval, “‘Hurt Locker’ Lawyer: Illegal Sharing Must End (Q&A)” *CNET* (29 September 2010). In his article entitled “Shedding Light on Copyright Trolls: An Analysis of Mass Copyright Litigation in the Age of Statutory Damages” (2012) 19 *UCLA Entertainment Law Review* 79, James DeBriyn calculates that:

... [h]ad Voltage Pictures only sued the 5000 Does named in the original complaint, and 75 percent of the defendants could be identified and were sued, and chose to settle for \$2900, the litigation would generate \$10.9 million. Reports suggest that the plaintiffs will receive 30 percent of the \$10.9 million–\$3.3 million [with the remainder going to the lawyers and others acting on a contingency basis].

prospect of abuse or the type of financial returns that such litigation can deliver in the US.

## II. Remedies for infringement of IP rights in Singapore

7 As a general matter, infringement of IP rights in Singapore is treated as any other tort. See, for example, Belinda Ang Saw Ean J in *Main-Line Corporate Holdings Ltd v United Overseas Bank Ltd*.<sup>7</sup> “Patent infringement is a statutory tort.”<sup>8</sup> The usual remedies follow a finding of infringement: injunction, damages or an account of profits, delivery up and costs.

8 Where the damages remedy is concerned, in the words of Andrew Phang Boon Leong JA in *Kickapoo (Malaysia) Sdn Bhd v The Monarch Beverage Co (Europe) Ltd*<sup>9</sup> (“*Kickapoo*”):<sup>10</sup>

... the overarching guideline is that the aim is to put the plaintiff in question (so far as is possible) in the same position it would have been if the wrong(s) had not been committed and that the plaintiff bears the burden of specifically proving its loss; put simply, the main aim is to compensate the plaintiff and not to punish the defendant (see the House of Lords decision of *General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd* [1975] 1 WLR 819 at 824 (which, while dealing with a patent infringement, laid down general principles which are applicable in the present context [of trade mark infringement] as well)).

9 One of the difficulties of applying these principles (and subsequent developments to them) in cases involving counterfeiters and pirates was identified by the Court of Appeal in *Ong Seow Pheng v Lotus Development Corp*<sup>11</sup> (“*Ong Seow Pheng*”) when L P Thean JA (on behalf of the court) noted:<sup>12</sup>

7 [2010] 1 SLR 189.

8 *Main-Line Corporate Holdings Ltd v United Overseas Bank Ltd* [2010] 1 SLR 189 at [18].

9 [2010] 1 SLR 1212.

10 *Kickapoo (Malaysia) Sdn Bhd v The Monarch Beverage Co (Europe) Ltd* [2010] 1 SLR 1212 at [55]. This can be compared to the position in the US where in patent infringement cases the court may in its discretion (for example, in cases of “egregious, willful [*sic*] infringement”) increase the damages up to three times the amount found or assessed by either the jury or the court: 35 USC § 284 (the so-called treble damages award).

11 [1997] 2 SLR(R) 113.

12 *Ong Seow Pheng v Lotus Development Corp* [1997] 2 SLR(R) 113 at [53]. Whilst the general point cannot be disputed, about the difficulty of dealing with pirates who do not keep the records on the basis of which *General Tire*-type damages are assessed, it must be pointed out that the award of damages in intellectual property infringement cases based on the “user principle” is not prevented by the fact that

(*cont'd on the next page*)

Turning to the facts of this case [which involved software piracy and unauthorized copying of the accompanying manuals], Mr Sundaresh Menon, the *amicus curiae*, submitted this was a case where damages are at large. This is because a licence fee approach [as under the *General Tire* principles] would not be appropriate because the respondents are not in the business of selling their manuals alone and would never have granted the appellants or any others a licence to sell the manuals. We agree.

Both ordinary and additional damages were awarded.

10 A practical problem in both counterfeiting and piracy cases is that where a successful raid has managed to seize from a Singapore distributor large numbers of counterfeited or pirated goods, the ordinary damages remedy may be inadequate to provide a satisfactory (or any) remedy, as it may be argued that there was no loss to the successful plaintiff in the absence of evidence either that the infringing goods were offered for sale or sold in Singapore or that the plaintiff has lost sales. Although application of the “user principle” as it has been developed by the courts may provide some sort of redress in appropriate cases,<sup>13</sup> it was to deal with such an issue that the Court of Appeal accepted in *Ong Seow Pheng* that damages were “at large” in piracy cases, thus avoiding the possible limiting application of the standard rules on the assessment of damages in tort and giving the court the freedom to make a damages award that was just. In such a case, the remedy of

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“[the plaintiffs] would never have granted [anyone] a licence to sell”: it assumes a hypothetical licence scenario.

- 13 See, for example, *Field Common Ltd v Elmbridge BC* [2009] 1 P&CR 1 at [78], where Warren J said that the hypothetical negotiation envisaged by the “user principle” (that is now applied by analogy in most patent, copyright and trade mark cases as the equivalent of Lord Wilberforce’s third category in *General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd* [1975] 1 WLR 819) is “designed to establish the value of the wrongful use to the defendant and not some objective figure as between hypothetical persons negotiating for a hypothetical licence”. On this issue generally, see the author’s earlier article: David Llewelyn, “The Assessment of Damages in Intellectual Property Cases: Some Recent Examples of ‘The Exercise of a Sound Imagination and the Practice of a Broad Axe’” (2015) 27 SAcLJ 480. Also, cf *Columbia Pictures Industries v Luckins* (1996) 34 IPR 504, where the Federal Court of Australia held that the hypothetical licensing measure was inappropriate where it was clear that a licence would never be granted and where the infringer acted in direct competition with the plaintiff (this line of argument, adopted by the assistant registrar in *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [28], is at odds with English case law which is prepared to assume a willing licensor even if it is clear that the actual owner of the right would never have licensed, as in, for example, *32Red plc v WHG (International) Ltd* [2013] EWHC 815, referred to by the assistant registrar at [27].

additional damages provided for under s 119(4) of the CA may be claimed also.<sup>14</sup>

11 It should be mentioned at this juncture that the terms “counterfeits” and “pirated goods” are not legally defined by statute in Singapore and are often used in a very loose sense. By no means are all infringers of IP rights “counterfeiters” or “pirates”. Indeed, most civil (as opposed to criminal) cases involving IP rights and their alleged infringement that are seen by the courts are *bona fide* commercial disputes in which the defendant thinks it has a reasonable argument to say that its activities are not infringing (or the IP right in question is not valid) and the plaintiff disagrees. Only if one adopts an all-embracing definition of “counterfeit” and “pirated good” to mean an infringement, whether in good faith or not, of any IP right is such a case included. This cannot be correct: from a legal point of view, use of the terms should be limited to (almost) exact copies that are unarguably infringements and intended to deceive. Indeed, although there were no grounds for decision issued, it is somewhat surprising that the judge in *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd*<sup>15</sup> (“*Louis Vuitton*”), having found infringement under s 27(1) of the Trade Marks Act<sup>16</sup> (“TMA”), proceeded to grant an order that the defendant’s infringing sign was a “counterfeit trade mark” as defined in s 3(6). As will be expanded upon below,<sup>17</sup> it is in the first place by no means clear from the trade marks register what the plaintiff’s mark is (it must be emphasised that the dispute did not involve the plaintiff’s well-known LV mark); secondly, in addition to using on its products the mark registered by the plaintiff the defendant used its own composite mark (the word “Cuffz” together with a logo) and it is therefore difficult to see how this was use of a sign identical to that registered.

14 It is submitted that the additional damages remedy, which was first introduced in this form by s 17(3) of the UK Copyright Act 1956 (c 74) (and has been adopted subsequently with minor variations in Australia and New Zealand, among other countries), is “compensatory” – and not punitive – in the sense that it compensates the plaintiff for the flagrant trespass upon its property right, although it must be noted that when awarding additional damages in the High Court in *Lotus Development Corp v Ong Seow Pheng* [1996] 2 SLR(R) 514, Judith Prakash J said (at [45]) that the award was intended to be “a penalty ... The aim of the award is punishment and deterrence”. On the other hand, the question as to whether, other than in a highly contrived way, it complies with the rule established in a venerable series of cases that damages in the law of tort aim at putting the plaintiff in the position he would have been in had the tort not occurred must be moot at best.

15 [2015] SGHCR 15.

16 Cap 332, 2005 Rev Ed.

17 See paras 39–46 below.

### **III. The US–Singapore FTA and remedies in IP infringement cases**

12 The 2003 US–Singapore FTA requires each party to provide civil remedies for the enforcement of IP rights that should include at least:<sup>18</sup>

- (1) Provisional measures, including seizures of products suspected of being involved in the prohibited activity;
- (2) The opportunity for the right holder to elect between actual damages it suffered (plus any profits attributable to the prohibited activity not taken into account in computing actual damages) or pre-established damages which shall be in an amount sufficiently high to constitute a deterrent to future infringements and with the intent to compensate the right holder for the harm caused by the infringement;
- (3) Payment to prevailing right holder of court costs and fees and reasonable attorney’s fees by the party engaged in the prohibited conduct at the conclusion of the civil judicial proceedings; and
- (4) Destruction of devices and products found to be involved in the prohibited conduct.

13 As a result, in 2004 first the TMA and then the CA were amended in a fundamental way to introduce a new remedy for, respectively, (in limited circumstances only) the proprietors of registered trade marks and copyright owners: a remedy of statutory damages.<sup>19</sup> An alternative to ordinary damages or an account of profits, this remedy is not available for owners of other registered IP rights such as patents or registered designs.<sup>20</sup>

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18 US–Singapore Free Trade Agreement (6 May 2003) Art 16.9.5. Interestingly, neither the US (in its version of statutory damages in force at the time of the free trade agreement or since) nor Singapore after the passage of the amending legislation introducing the remedy of statutory damages in 2004 has complied strictly with the requirement on both parties to have a remedy that provides “pre-established damages”. Both US law and the Copyright Act (Cap 63, 2006 Rev Ed) in Singapore give the courts wide discretion within a band in relation to an award of statutory damages. Although the US Copyright Act 1909 (Pub L 60-349) which introduced the notion of statutory damages did have a tariff for common types of infringement that would have complied with the requirement for “pre-established damages”, this was abandoned in the 1976 copyright legislation.

19 The US–Australia Free Trade Agreement (1 January 2005) signed in 2004 did not contain a provision on the introduction of a statutory damages remedy for counterfeits and pirated goods as Australia refused to accept the US proposal: see *Trade Liberalisation and International Co-operation: A Legal Analysis of the Trans-Pacific Partnership Agreement* (Tania Voon ed) (Edward Elgar Publishing, 2013) at p 55.

20 Registered Designs Act (Cap 266, 2005 Rev Ed) s 36. George Wei JC commented in his monograph, George Wei Sze Shun, *Industrial Design Law in Singapore* (Academy Publishing, 2012) at para 6.46:

(cont’d on the next page)



14 In the course of the second reading of the Trade Marks (Amendment) Bill, the Minister for Law, S Jayakumar, explained:<sup>21</sup>

We have also proposed, for infringement cases that involve the use of a counterfeit trade mark, a new remedy of statutory damages that will complement the current process of assessing damages. This is because, in certain cases, it may be difficult to prove actual losses or obtain an account of profits. For example, some infringers may not keep clear records of their sales. Hence, a new section 31(5) provides that the trade mark owner can seek statutory damages. In such a situation, the court will assess the quantum of statutory damages on compensatory principles, taking into account the guidelines in section 31(6).

Similar statements were made at the second reading of the amendment to the Copyright Act<sup>22</sup> that introduced statutory damages.

15 In addition, both acts were amended to remove the long-standing requirement in Singapore for a successful plaintiff to elect between an award of damages and an account of profits: now, where the award of damages does not take into account any profits made by the defendant, the court may add these to the award. Again, this significant change<sup>23</sup> has not been made in relation to infringement of other IP rights, whether statutory or protected through the common law.

16 In this context, it is necessary to reiterate that, whilst having a deterrent effect, neither the additional damages remedy nor that of an account of profits is punitive in nature. Although made in relation to fiduciary claims, the words of Heydon JA in *Harris v Digital Pulse Pty Ltd*<sup>24</sup> are apposite:<sup>25</sup>

The rules relating to an account of profits are not restitutionary in the sense that they do not rest on giving back something which the plaintiff once had, or restoring the plaintiff to a state of affairs which the plaintiff once occupied but has lost because of the fiduciary's behaviour, or requiring some damage to the pre-existing position of

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... when the time comes for a review of registered design law in Singapore, the question may be asked as to whether there is a case for a provision allowing recovery of statutory damages in place of normal damages as is now provided for in the Copyright Act.

21 *Singapore Parliamentary Debates, Official Report* (15 June 2004) vol 78 at col 113 (Prof S Jayakumar, Minister for Law).

22 *Singapore Parliamentary Debates, Official Report* (16 November 2004) vol 78 at cols 1048 and 1064–1065 (Prof S Jayakumar, Minister for Law).

23 In *Tang Man Sit v Capacious Investments Ltd* [1996] AC 914 at 916, Lord Nicholls of Birkenhead (giving the opinion of the Privy Council on an appeal from Hong Kong) described the two remedies as “alternative and inconsistent”; thus, an election was required.

24 (2003) 56 NSWLR 298.

25 *Harris v Digital Pulse Pty Ltd* (2003) 56 NSWLR 298 at [414].

the principal, or compensating the principal for some loss suffered. They strip the fiduciary of gains whether or not the plaintiff could ever have made the gains in question. No doubt the strictness of the rules, in tending to prevent fiduciary temptation arising and thus tending to protect the principal from fiduciary misconduct, tends to deter fiduciaries from misconduct themselves. But it does not follow that the rules are punitive.

17 The significance of this is that any overt classification of damages as punitive could prejudice (a) the application in a foreign court of Singapore law as the choice of law; and (b) the effect of the Singapore judgment abroad. On (a), see, eg, the European Union’s Rome II Regulation<sup>26</sup> which specifically highlights the forum’s defence of public policy against foreign law which awards excessive non-compensatory damages. On (b), there is no consistent approach across countries, but recent Conventions like the Hague Convention on Choice of Court Agreements 2005<sup>27</sup> (which could apply to copyright infringement actions) reflect that concern.<sup>28</sup>

18 The remedy of statutory damages dispenses with the need for successful plaintiffs in trade mark infringement cases involving “counterfeit trade marks” and in copyright infringement cases to prove their loss, usually at an enquiry as to damages or for an account of profits that follows the trial of the action in which infringement was found. In doing so, it reflects an understandable wish to make it easier for trade mark and copyright owners to obtain effective redress, over and above an injunction restraining further infringement, when their rights have been infringed by counterfeiters and pirates. This was made clear by S Jayakumar, Deputy Prime Minister and Minister of Law, in the debate on the second reading of the Copyright (Amendment) Bill 2004:<sup>29</sup>

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26 Council Regulation No 864/2007 (11 July 2007) (law applicable to non-contractual obligations). Recital 32 states:

Considerations of public interest justify giving the courts of the Member States the possibility, in exceptional circumstances, of applying exceptions based on public policy and overriding mandatory provisions. In particular, the application of a provision of the law designated by this Regulation which would have the effect of causing non-compensatory exemplary or punitive damages of an excessive nature to be awarded may, depending on the circumstances of the case and the legal order of the Member State of the court seised, be regarded as being contrary to the public policy (*ordre public*) of the forum.

27 Entry into force 1 October 2015.

28 The author is grateful to his colleague Prof Yeo Tiong Min for drawing this to his attention after reading a draft of this article.

29 *Singapore Parliamentary Debates, Official Report* (16 November 2004) vol 78 at cols 1048 and 1065 (Prof S Jayakumar, Deputy Prime Minister and Minister for Law).

This will be especially useful in situations where it is difficult for the copyright owner to prove the quantum of actual losses. Instead, the court will assess the quantum of statutory damages, based on compensatory principles, elaborated in new subsection 119(5) ...

[The damages will be] based on the evidence and circumstances in each case.

It is suggested that it would have been preferable for the Minister to have said that the new provision was “based largely on compensatory principles”, as one of the avowed aims of the remedy is to deter infringement by others, which it is difficult to argue is “compensatory”.

19 It is also important to appreciate that the new remedy, as far as it concerns copyright infringement, is not limited to what could be colloquially described as “piracy” of copyright works such as DVDs or software, the type of flagrant copying with which the Court of Appeal in *Ong Seow Pheng* was concerned to which there is no conceivable defence. It is available to all copyright owners whose rights have been infringed, whether or not the copying was done in good faith or ignorance, and whether or not there was more than nominal damage. It would seem also that the CA remedy is available to the owner of copyright in, for example, a logo in addition to the remedy in the TMA if the logo that has been copied (or, in TMA terminology, “counterfeited”) is registered as a trade mark; for example, the “Nike Swoosh” device is both a copyright work and a registered trade mark. On the face of it, there is no compelling reason why the common law rule against double recovery of damages should be applicable to the purely statutory remedy provided for infringement of the separate property rights in a copyright work and a registered trade mark, albeit that they may subsist in relation to the same subject matter.

20 Interestingly, an exhaustive treatment (co-authored by leading US copyright scholar Pamela Samuelson of the University of Berkeley) of the jurisprudence on statutory damages in the US that was published in 2009 noted that:<sup>30</sup>

... the United States is an outlier in the global copyright community in giving plaintiffs in copyright cases the ability to elect, at any time before final judgment, to receive an award of statutory damages.

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30 Pamela Samuelson & Tara Wheatland, “Statutory Damages in Copyright Law: A Remedy in Need of Reform” (2009) 51 Wm & Mary L Rev 439 at 441.

Such an award may be granted in any amount between US\$750 and US\$150,000 *per* infringed work.<sup>31</sup> The goal of statutory damages in the US is described by Samuelson and Wheatland as “largely compensatory” although they conclude that “[a]wards of statutory damages are frequently arbitrary, inconsistent, unprincipled, and sometimes grossly excessive”.<sup>32</sup> On the latter, they cite *Columbia Pictures Television, Inc v Krypron Broadcasting of Birmingham, Inc*<sup>33</sup> in which a jury awarded statutory damages of US\$72,000 *per* work and a total award of over US\$31m. Fortunately, such a “grossly excessive” award would not be possible in Singapore due to the aggregate cap contained in s 119(2) of the CA.<sup>34</sup>

21 The statutory damages remedy for copyright infringement has a long history in the US, dating back to the Copyright Act of 1909<sup>35</sup> (“the 1909 Act”) when it replaced the rough-and-ready “per sheet penalty” that appeared in the first US copyright law in 1790 (and had its own origins in the English Statute of Anne of 1710).<sup>36</sup> The legislative discussions leading to the 1909 Act “show that statutory damages were meant to be compensatory to ensure that copyright owners would receive some award in the absence of proof of actual damages but not punitive in nature”.<sup>37</sup> As noted above,<sup>38</sup> this was very much the concern addressed by the Singapore Court of Appeal in *Ong Seow Pheng* when accepting the view of the *amicus curiae* that damages were “at large”.<sup>39</sup>

22 The other countries that had introduced the remedy into their copyright law by 2014 were Azerbaijan, Bahamas, Bahrain, Belarus, Bulgaria, Canada, China, Costa Rica, Dominican Republic, Israel,

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31 17 USC § 504(c)(1) provides for statutory damages (at the copyright owner’s election to recover in lieu of actual damages and profits), in the amount of not less than \$750 or more than \$30,000 as the court deems just. 17 USC § 504(c)(2) provides that for “willful [*sic*] infringement” a court may, in its discretion, increase the statutory damages award to a sum of not more than \$150,000.

32 Pamela Samuelson & Tara Wheatland, “Statutory Damages in Copyright Law: A Remedy in Need of Reform” (2009) 51 Wm & Mary L Rev 439 at 441.

33 106 F 3d 284 (9th Cir, 2001).

34 Likewise, the concern expressed by Samuelson and Wheatland in Pamela Samuelson & Tara Wheatland, “Statutory Damages in Copyright Law: A Remedy in Need of Reform” (2009) 51 Wm & Mary L Rev 439 at 443 that grossly excessive statutory damages are “particularly likely” in class action suits or secondary liability cases is not relevant to Singapore which has neither class actions nor secondary liability for copyright infringement.

35 Pub L 60-349.

36 c 19.

37 Stephanie Berg, “Remedying the Statutory Damages Remedy for Secondary Infringement Liability: Balancing Copyright and Innovation in the Digital Age” (2009) 56 J Copyright Soc’y USA 265 at 268.

38 See para 7 above.

39 *Ong Seow Pheng v Lotus Development Corp* [1997] 2 SLR(R) 113 at [53].

Kazakhstan, Kyrgyzstan, Liberia, Lithuania, Malaysia, Morocco, Republic of Korea, Republic of Moldova, Russian Federation, Sri Lanka, Ukraine and Vietnam.<sup>40</sup> In one of these countries, Canada, the Federal Court made clear, when awarding statutory damages in a case involving fake Louis Vuitton products, the need to deter those who make and sell what it described as “knock-offs”.<sup>41</sup>

Next, I turn to the need to deter others. The LV products that are the subject of copyright protection are highly-valued by consumers. Being seen with one of the Plaintiffs’ Copyrighted Works is a statement that carries significant societal weight in some sectors of the population. However, the continuing infringement of this and similar high-fashion accessories with similar copyright protection erodes the position that legitimate copyrighted products hold in the marketplace. Why would a person buy the Plaintiffs’ Copyrighted Works when ‘knock-offs’ can be sold and bought with few negative consequences? More seriously, why buy the legitimate product when others seeing it will assume that it is not likely a ‘real’ LV Copyrighted Work? Although, to many, this aspect of the infringement is not serious, the erosion of the market for which the Plaintiffs have worked very hard is a serious consequence of the continuing behaviour of the Defendants and others who may also be infringing the Copyrighted Works. Another aspect of deterrence that is relevant is the behaviour of the Defendants. The award in this case should attempt to deter conduct where orders of the Court and other legal remedies are blatantly ignored. In my view, a high award is necessary to deter future infringement and, secondarily, to deter open disrespect for Canada’s copyright protection laws.

23 On the statutory damages remedy for infringement of registered trade marks, a non-exhaustive survey of major jurisdictions by the author suggests that only China,<sup>42</sup> Russia and the US have introduced the remedy.<sup>43</sup> In the US statutory damages are available (at the election

40 Pamela Samuelson, Phil Hill & Tara Wheatland, “Statutory Damages: A Rarity in Copyright Laws Internationally, but for How Long?” (2014) 60 J Copyright Soc’y USA 529 at 534.

41 *Louis Vuitton Malletier SA v Lin Pi-Chu Yang* 2007 FC 1179 at [25], per Snider J.

42 See Art 63 of the Trademark Law of the People’s Republic of China, introduced by a 2013 amendment. Similar amendments were made to the Patent Law of the People’s Republic of China in 2008 (Art 65) and the Copyright Law of the People’s Republic of China in 2010 (Art 49).

43 By way of an alternative, it is interesting to note that, after the amendment in 2012, s 126(2) of the Australian Trade Marks Act 1995 provides the remedy of additional damages on the lines of that contained in s 119(4) of the Copyright Act (Cap 63, 2006 Rev Ed):

(2) A court may include an additional amount in an assessment of damages for an infringement of a registered trade mark, if the court considers it appropriate to do so having regard to:

(a) the flagrancy of the infringement; and  
(b) the need to deter similar infringements of registered trade marks; and

(cont’d on the next page)

of the plaintiff instead of actual damages and profits), in the amount of not less than \$1,000 or more than \$200,000 *per* counterfeit mark *per* type of goods or services sold, offered for sale, or distributed, as the court considers just.<sup>44</sup> If the court finds that the use of the counterfeit mark was wilful, the statutory damages award is not more than \$2m *per* counterfeit mark *per* type of goods or services sold, offered for sale, or distributed, as the court considers just.<sup>45</sup>

#### IV. The 2004 amendments in detail

24 The new form of relief was introduced into Singapore law first by the Trade Marks (Amendment) Act 2004<sup>46</sup> and is now found in s 31(2) of the TMA:

Subject to the provisions of this Act, in an action for an infringement, the types of relief that the Court may grant include the following:

- (a) an injunction (subject to such terms, if any, as the Court thinks fit);
- (b) damages;
- (c) an account of profits;
- (d) in any case to which subsection (5) applies, statutory damages under subsection (5)(c).

25 By s 31(5) of the TMA the new remedy is available only where the infringement involves the use of a “counterfeit trade mark”. The definition of this special subset of infringing signs for which statutory

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- (c) the conduct of the party that infringed the registered trade mark that occurred:
    - (i) after the act constituting the infringement; or
    - (ii) after that party was informed that it had allegedly infringed the registered trade mark; and
  - (d) any benefit shown to have accrued to that party because of the infringement; and
  - (e) all other relevant matters.

In *Vertical Leisure Ltd v Skyrunner Pty Ltd* [2014] FCCA 2033, the court awarded additional damages of A\$300,000 (which it noted (at [38]) were “punitive in nature”) by reason of the flagrancy of the infringement of both copyright and trade mark, the continuing infringing conduct despite being repeatedly put on notice, as well as the “need for deterrence to prevent similar infringements ... particularly so in the case of exercise equipment where if inferior products are sold consumers are at risk” and to “mark the Court’s recognition of the opprobrium attached to the defendants conduct”: at [36] and [38]. However, as the damages were awarded for copyright infringement, there could be no “double-dipping”; therefore, no separate damages were awarded for the infringement of trade mark.

44 Lanham (Trademark) Act 15 USC § 1117(c)(1).

45 Lanham (Trademark) Act 15 USC § 1117(c)(2).

46 Act 20 of 2004.

damages are available for a successful plaintiff is found in s 3(6) of the TMA:

A sign is a ‘counterfeit trade mark’, in relation to a registered trade mark, if the sign —

- (a) is identical with or so nearly resembling the registered trade mark as to be calculated to deceive; and
- (b) is applied to goods or services —
  - (i) without the express or implied consent (conditional or otherwise) of the proprietor of the registered trade mark; and
  - (ii) to falsely represent the goods or services to be the genuine goods or actual services of the proprietor or a licensee of the registered trade mark.

26 The definition of a “counterfeit trade mark” in s 3(6) of the TMA is a curious one as it introduces to the statute notions that no longer have a place in the modern law of trade mark infringement outside the US, such as “calculated to deceive” (which is a term used in the common law of passing-off,<sup>47</sup> although in that context it does not connote a requirement of intention).<sup>48</sup> It could be argued that the equivalent of “calculated to deceive”, as developed in the tort of passing-off, in modern trade mark law (in those countries, like Singapore, that have based their law on the European model as set out in the 1988 Trade Mark Approximation Directive,<sup>49</sup> and interpreted subsequently by the European Court of Justice) is “likely to confuse” (as found in s 27(2) of the TMA). It must be emphasised though that the latter term connotes no element of intention, which is irrelevant to the strict liability tort of trade mark infringement.<sup>50</sup> However, it is submitted that one of the reasons for the dearth of case law on the remedy in s 31(4) of the TMA

47 See, for example, the comment by Christopher Wadlow in Christopher Wadlow, *The Law of Passing-off: Unfair Competition by Misrepresentation* (Sweet & Maxwell, 4th Ed, 2011) at para 5-147 that:

... it is important, though not always easy, to draw a line between goods which are calculated to deceive – those which tell a lie about themselves – and those which may lend themselves to dishonest use but which require a ‘little additional lever’ of falsehood if they are to be passed off.

48 See, for example, Lord Diplock in *Erven Warninck BV v J Townsend & Sons (Hull) Ltd* [1980] RPC 31 at 93, where he said of one of the minimum requirements for the action: “calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence)”.

49 First Council Directive 89/104/EEC (21 December 1988) (to approximate the laws of the Member States relating to trade marks).

50 In the US, the Lanham (Trademark) Act 15 USC § 1051 *et seq* contains a definition of the term “counterfeit mark”: a “spurious mark which is identical with, or substantially indistinguishable from, a registered mark”: Lanham (Trademark) Act 15 USC § 1127.

lies in the lack of clarity resulting from importing into Singapore law notions that are alien to a trade mark system that has its roots very firmly elsewhere.

27 Where the plaintiff elects to claim statutory damages, s 31(6) of the TMA states that the court shall have regard to:

- (a) the flagrancy of the infringement of the registered trade mark;
- (b) any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement;
- (c) any benefit shown to have accrued to the defendant by reason of the infringement;
- (d) the need to deter other similar instances of infringement; and
- (e) all other relevant matters.”

28 These specific factors that the court is required to have regard to relate, respectively, to punishment due to a clear intent to infringe, compensation, restitution and deterrence. Aside from the new remedy, the general principles applying to the award of damages for trade mark infringement in Singapore as set out by Phang JA in *Kickapoo*<sup>51</sup> would provide compensation and restitution<sup>52</sup> in appropriate cases but not punishment or deterrence.

29 As a matter of English law, the remedies of an inquiry as to damages on the one hand, and the account of profits on the other, are available only as alternatives (see *Redrow Homes Ltd v Betts Brothers plc*.<sup>53</sup> In IP proceedings in England a plaintiff may choose between them but he may not have the benefit of both. In *Hollister Inc v Medik Ostomy Supplies Ltd*,<sup>54</sup> Kitchin LJ said in relation to relief granted by the judge at first instance:<sup>55</sup>

An assessment of the damage caused to the claimant forms no part of an account of the profits made by the infringer and the approach adopted by the judge constituted an illegitimate amalgamation of two quite different ways of assessing compensation.

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51 See para 8 above.

52 In *ACES System Development Pte Ltd v Yenty Lily* [2013] 4 SLR 1317, Andrew Phang Boon Leong JA reviewed exhaustively (at [13]–[53]) the authorities in the “rather thorny area of the law of damages” involving restitution before concluding (at [54]) that “it would be appropriate, in our view, to defer arriving at a conclusive or definitive view as to what the law ought to be”.

53 [1998] RPC 793 at 796–797.

54 [2012] EWCA Civ 1419; [2013] FSR 24.

55 *Hollister Inc v Medik Ostomy Supplies Ltd* [2012] EWCA Civ 1419; [2013] FSR 24 at [71].



In this context, it should be noted that the 2004 amendments in Singapore also provide in relation to infringement by “counterfeit trade mark”<sup>56</sup> and copyright infringement<sup>57</sup> that, if the plaintiff elects “ordinary” damages as its remedy, the award should take into account “any profits attributable to the infringement that have not been taken into account in computing the damages”, thus removing, in effect, the former prohibition on obtaining damages and an account of profits.

30 Section 31(5)(c) of the TMA also imposes a cap on the award of damages: (a) S\$100,000 for each type of goods or service in relation to which the counterfeit trade mark has been used; and (b) not exceeding in the aggregate S\$1m, unless the plaintiff proves that his actual loss from such infringement exceeds S\$1m. Section 119(2)(d) of the CA introduces the corresponding caps for copyright infringements: of S\$20,000 *per* work or subject matter and S\$200,000 in the aggregate. It is important to note, however, that the wording of the provisions suggests that a successful plaintiff who can show that his actual loss from the infringing activity exceeds S\$1m in the case of a counterfeit trade mark and S\$200,000 in the case of copyright infringements is not subject to the cap.<sup>58</sup> In view of this it would seem that any plaintiff who is able to show losses of at least S\$1m or S\$200,000, as the case may be, should elect to have statutory rather than ordinary damages awarded as there is the possibility of the infringer’s behaviour being taken into account under s 31(6)(a) or 119(5), as well as the “need to deter similar instances of infringement”,<sup>59</sup> which they would not be in the assessment of “ordinary damages”. It is submitted that the intention of the draftsman was to limit statutory damages to S\$1m in a counterfeit trade mark case and S\$200,000 in a copyright case, but that is unambiguously not what the provision says.

31 The factors that the court should have regard to when considering an award of statutory damages for copyright infringement introduced by the Copyright (Amendment) Act 2004 and now found in

56 Trade Marks Act (Cap 332, 2005 Rev Ed) s 31(5)(a).

57 Copyright Act (Cap 63, 2006 Rev Ed) s 119(2A).

58 It is not clear how a plaintiff would prove “actual loss”: presumably, lost sales in excess of the S\$1m aggregate cap would not be sufficient but lost profits above that level would be. (Interestingly, when the 1909 Copyright Act (Pub L 60-349) in the US introduced the remedy of statutory damages, in § 101(b), the US\$5,000 cap could be lifted if the defendant continued to infringe after receiving notice that the owner considered his acts to be infringing. Also, newspapers and film studios persuaded Congress to cap their liability for unwitting infringement: of photographs in newspapers between US\$50 and US\$200 and of non-dramatic works in films at US\$100.)

59 Trade Marks Act (Cap 332, 2005 Rev Ed) s 31(6)(d); Copyright Act (Cap 63, 2006 Rev Ed) s 119(5)(g).

the CA are more numerous than those where a “counterfeit trade mark” has given rise to trade mark infringement. Section 119(5) states:

In awarding statutory damages under subsection (2)(d), the court shall have regard to —

- (a) the nature and purpose of the infringing act, including whether the infringing act was of a commercial nature or otherwise;
- (b) the flagrancy of the infringement;
- (c) whether the defendant acted in bad faith;
- (d) any loss that the plaintiff has suffered or is likely to suffer by reason of the infringement;
- (e) any benefit shown to have accrued to the defendant by reason of the infringement;
- (f) the conduct of the parties before and during the proceedings;
- (g) the need to deter other similar infringements; and
- (h) all other relevant matters.

Subsections (a), (c) and (f) are absent in the equivalent TMA provision.<sup>60</sup>

## V. Use of the statutory damages remedy in Singapore

32 It is perhaps unsurprising that the new remedy of statutory damages for use of a “counterfeit trade mark” has been considered in only two judgments, by assistant registrars,<sup>61</sup> as it is not clear in practice how a plaintiff, when commencing proceedings for trade mark infringement, will know whether the court is likely to determine that the sign being used by the defendant is a “counterfeit trade mark” as defined (in *Bosch Corp (Japan) v Wiedson International (S) Pte Ltd*,<sup>62</sup> for example, the defendant made vague claims that the counterfeit products were “genuine parallel imports”).<sup>63</sup> Given that the tests for infringement contained in s 27 of the TMA do not refer to such a mark, it is difficult to see what advantage there is, except where the use by the defendant is of a mark identical to the registered trade mark in all respects in circumstances that clearly indicate the goods are counterfeit, to elect a remedy that requires a finding that the use by the defendant is of a “counterfeit trade mark” when the definition itself gives rise to considerable doubt as to what is even meant by the term.

60 Trade Marks Act (Cap 332, 2005 Rev Ed) s 31(6).

61 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11; *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15.

62 [2013] 2 SLR 700, discussed at para 33 below.

63 *Bosch Corp (Japan) v Wiedson International (S) Pte Ltd* [2013] 2 SLR 700 at [17]–[20].

33 A recent example of a counterfeiting case in which the plaintiff did not claim statutory damages is *Bosch Corp v Wiedson International (S) Pte Ltd*<sup>64</sup> where Tay Yong Kwang J awarded S\$275,000 and S\$65,000, respectively, to the two plaintiffs, Bosch and Denso, by way of an account of profits made by the defendant from sales of the counterfeit goods. It is not evident from the judgment why at least Denso (whose account of profits award was well below the S\$100,000 cap in s 31(5) of the TMA) did not claim statutory damages, especially given the fact that the defendant had been shown to have been selling not only its counterfeit goods but also those of Bosch. As a result, the flagrancy and deterrence factors would seem to be highly relevant, especially given the conduct of the defendant during the proceedings. In an earlier judgment,<sup>65</sup> the learned judge had refused the defendant's appeal against a decision of the assistant registrar striking out their defence as frivolous and vexatious, noting:<sup>66</sup>

From the way the defendants have conducted themselves in this action and the related criminal revision matters, it was clear that they wanted to stymie the plaintiff for as long as possible and perhaps have the claim defeated by the natural deterioration of the seized goods or simply wear the plaintiff out. The pleading and the conduct were frivolous and vexatious in the circumstances.

34 In *Converse Inc v Ramesh Ramchandani*<sup>67</sup> (“Converse”), which did concern a claim for statutory damages as a result of use of a “counterfeit trade mark”, it is somewhat surprising that the assistant registrar felt it appropriate when considering s 31(5), a provision that is unambiguous on its face, to accede to the plaintiff's submission that he refer to the parliamentary debates (and more particularly the explanation by the Minister of Law)<sup>68</sup> in order to discern the Legislature's intention when introducing the provision (and later in the year that which is found now in s 119(5) of the CA). Having done this and drawn attention to the fact that the Minister stated that statutory damages are based on *compensatory* principles, the assistant registrar proceeded to apply the factors set out in s 35(6) that includes as one of the four enumerated there, the need to deter future infringements,<sup>69</sup> that on no reasonable analysis is “compensatory”.

35 Indeed, the assistant registrar noted that the case did not fall into the category of those where the plaintiff could not prove its loss: on the basis of its lost royalty fees, it submitted losses to be S\$46,634.40

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64 [2015] 3 SLR 961.

65 *Bosch Corp (Japan) v Wiedson International (S) Pte Ltd* [2013] 2 SLR 700.

66 *Bosch Corp (Japan) v Wiedson International (S) Pte Ltd* [2013] 2 SLR 700 at [30].

67 [2014] SGHCR 11.

68 Cited at para 10 above.

69 Trade Marks Act (Cap 332, 2005 Rev Ed) s 31(6)(d).

(and he accepted they were S\$46,226.40), derived from taking 5% (the amount to be paid by a hypothetical licensee) of the retail price of the Chuck Taylor All Star shoes times the number of pairs imported by the defendant.

36 However, as regards other losses, the assistant registrar was unimpressed by the plaintiff’s leaving it almost entirely up to the court. In her view:<sup>70</sup>

... it could not have been the intention of the legislature to allow the election of statutory damages to be a back-door avenue for plaintiffs to obtain potentially disproportionate amounts of damages, and without having to adduce any evidence of loss whatsoever. This was evident from the Parliamentary debates referred to above, in which it was observed that the remedy of statutory damages was alternative and complementary to the existing remedies, and would be appropriate in cases where the plaintiff had difficulty proving his loss because the infringer did not proffer evidence of his activities. Indeed, the Minister noted that the court would award an appropriate amount *based on the evidence and circumstances in each case*. [emphasis in original]

37 If the plaintiff chooses not to submit “convincing or sufficient” evidence, he runs the risk that this will impact the court’s award of damages.<sup>71</sup> The assistant registrar seemed unimpressed by the plaintiff’s apparently reasonable submission that to adduce such evidence would be likely to cost a disproportionate amount. Nevertheless, she accepted there would be:<sup>72</sup>

... some dilution of the exclusivity of the plaintiff’s brand (which the plaintiff had shown that it had invested extensively in) and price erosion, with the corresponding loss of reputation and damage to the commercial value of the trade mark.

38 In addition to these losses, which could have been awarded on general principles even if “ordinary” damages had been in issue, the assistant registrar found that the defendant’s activities were flagrant infringements<sup>73</sup> and there was a need to deter others from infringing.<sup>74</sup> Taking into account all factors in s 36(6), she awarded the maximum S\$100,000 permitted by s 31(5)(c)(i).<sup>75</sup> Given that over S\$46,000 direct licence fee losses were proved, this means that the assistant registrar put

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70 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11 at [25].

71 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11 at [26].

72 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11 at [32]. It should be noted that this is a form of loss that can be recovered in an “ordinary” damages claim in both passing-off and under s 31(2)(b) of the Trade Marks Act (Cap 332, 2005 Rev Ed).

73 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11 at [36]–[42].

74 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11 at [43]–[44].

75 *Converse Inc v Ramesh Ramchandani* [2014] SGHCR 11 at [46].

a rough value of S\$54,000 on the damages for unproved loss, flagrancy and the need for deterrence. This was a premium of nearly 120% over what might have been awarded by way of ordinary damages on a strict proof of loss basis, although such awards should themselves err in favour of the plaintiff.<sup>76</sup> With proven losses of over S\$46,000, some (possibly considerable) uplift from that to take into account the difficulty of proof where the infringer is selling counterfeit goods would have been expected even in an “ordinary damages” enquiry (as in the *Ong Seow Pheng* copyright case),<sup>77</sup> so the actual statutory damages award in *Converse* is arguably not as beneficial to the right owner as it appears at first sight. This may be one of the reasons why the introduction of the statutory damages remedy in the TMA seems to have had little practical impact, although it is possible that the more recent decision of the assistant registrar in *Louis Vuitton* will persuade more plaintiffs to pursue this remedy.

39 The findings at the hearing of the plaintiff’s application for summary judgment in the *Louis Vuitton* action (at which the defendant did not appear) and the orders made by the judge that led subsequently to the statutory damages award by the assistant registrar are somewhat surprising when considered on the basis of the facts set out in the assistant registrar’s decision (there were no grounds for decision given for the summary judgment in the High Court).

40 Despite the assistant registrar’s reference in his decision to the plaintiff being the owner of the Louis Vuitton (“LV”) brand,<sup>78</sup> the action did not involve the LV trade mark in any way. Instead, it concerned an unusual registered mark described as the Epi mark (“the Registered Mark”) that comprised a series of seven different colours set out in a rectangular configuration (3 x 1 x 3):<sup>79</sup>

... characterised by interleaving ridges and valleys applied to the whole or predominant area of the product, with the ridges being of a darker shade and the valleys a lighter shade, thus giving it an immediately recognisable two-tone effect.

In this context, it is important to bear in mind the wise words of Andrew Phang Boon Leong J (as he then was) in *Nations Fittings v Oystertec*

76 As noted with approval by the Court of Appeal in *Ong Seow Pheng v Lotus Development Corp* [1997] 2 SLR(R) 113 at [47], Lord Wilberforce in *General Tire and Rubber Co Ltd v Firestone Tyre and Rubber Co Ltd* [1976] RPC 197 at 212–213 reiterated that they should be liberally assessed, citing *Pneumatic Tyre Co Ltd v Puncture Proof Pneumatic Tyre Co Ltd* (1899) 16 RPC 209 at 215.

77 See para 9 above.

78 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [1].

79 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [3].

*plc*:<sup>80</sup> “the Singapore Trade Mark Registry is in fact open for public inspection”; and it is “both logical and commonsensical” that “the ambit of rights in relation to registered trade marks ... should be clear on the face of the public register”.<sup>81</sup>

41 Whatever the Registered Mark actually is, and it is suggested this is unclear and therefore it should not have been allowed registration in the first place, the judge found it to have been infringed by the defendant’s use of an identical sign contrary to s 27(1) of the TMA and proceeded to hold that the defendant’s infringing sign was a “counterfeit trade mark” as defined in s 3(6). However, in addition to the Registered Mark in one of its coloured manifestations, the defendant used on the infringing products its own composite mark (the word “Cuffz” together with a logo), described by the assistant registrar in his decision as a “distinctive brand logo”.<sup>82</sup> In view of this, although there is no doubt it was trade mark infringement, it is difficult to understand how this was either (a) use by the defendant of a sign *identical* to the Registered Mark falling within s 27(1) of the TMA; or (b) use such as “to falsely represent the goods or services to be the genuine goods or actual services of the proprietor or a licensee of the registered trade mark”, as required by the definition of “counterfeit trade mark” in s 3(6)(b)(ii).

42 The application for what became the Registered Mark was for a series mark under s 17 of the TMA. This was a surprising use of the provision, which requires that the series comprises signs that “differ only as to matters of a non-distinctive character not substantially affecting the identity of the trade mark”.<sup>83</sup> However, the Registered Mark includes seven separate colours, each of which must surely be distinctive in its own right. The judge found that the use of one only of those colours by the defendant in the two-tone configuration featuring “interleaving ridges and valleys” described in the Registered Mark constituted the use of an identical sign. If, which it is suggested it was not, this was a correct use of s 17, it is surely incumbent on the Intellectual Property Office of Singapore to make it clear to anyone searching the register – which today is likely to be through an online search rather than a physical search – what the registered mark is: it is worth reiterating that a critical component of the registered trade mark regime is the existence of a register open for public inspection and from the face of which it is clear what the registered right is, so that honest traders know precisely what to avoid using. In the words of Simon Thorley QC, “this is a fundamental aspect of the law”.<sup>84</sup>

80 [2006] 1 SLR(R) 712.

81 *Nations Fittings v Oystertec plc* [2006] 1 SLR(R) 712 at [47].

82 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [24].

83 Trade Marks Act (Cap 332, 2005 Rev Ed) s 17(2).

84 *Swizzels Matlow Ltd’s Application (No 2)* [2000] ETMR 58 at [65].

43 Notwithstanding these apparent flaws in the treatment of the Registered Mark and its infringement, the assistant registrar heard and considered the plaintiff's application seeking the maximum possible award of statutory damages under s 31(5)(c) of the TMA, of S\$100,000, in relation to the three infringing items (described by plaintiff's counsel, in words redolent more of a copyright infringement action rather than of a trade mark infringement, as "slavish copies").<sup>85</sup>

44 Having noted the history of the dispute, in the course of which he drew attention to the fact that the defence in the action leading to the summary judgment was comprised of "little more than bare denials",<sup>86</sup> the assistant registrar found the defendant's infringement to have been flagrant as it:<sup>87</sup>

... was clearly deliberate as evidenced by the presence of its brand logo on the seized goods and its purpose was clearly commercial and calculated to enable it to gain brand prestige through association with the plaintiff's [Registered Mark].

However, he rejected the plaintiff's submission that he apply what he described as the "hypothetical licence model" to calculate loss of profits, on the ground, *inter alia*, that the plaintiff had never granted a licence,<sup>88</sup> but considered as relevant the plaintiff's evidence as to the damage or potential damage to its goodwill caused by the plaintiff's infringement, including (remarkably) evidence on the value of the LV brand that was not even in issue in the proceedings.<sup>89</sup>

85 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [20]. Counsel for the plaintiff submitted that the assistant registrar should infer that the defendant must have sold 100 to 150 infringing items and stocked between 100 and 250 but the assistant registrar held (at [21]) that to do so in the absence of evidence "was clearly too speculative".

86 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [5]: it is not clear why there should be any onus on a defendant to do more than this, and it is surely up to the plaintiff to prove its case on the balance of probabilities, but the assistant registrar seemed to consider it worthy of comment.

87 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [25].

88 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [28]. As noted above at para 10, n 17, this seems to suggest that he had in mind a model different to that applied in the English case to which he referred (at [27]), *32Red plc v WHG (International) Ltd* [2013] EWHC 815, in which that fact did not prevent the judge from assessing a sum due under a hypothetical licence; as to which, see the criticisms in the author's earlier article: David Llewelyn, "Assessment of Damages in Intellectual Property Cases – Some Recent Examples of 'the Exercise of a Sound Imagination and the Practice of a Broad Axe'" (2015) 27 SAcLJ 480 at 502–505, paras 46–51.

89 This line of argument would seem to suggest that in the assessment of damages for trespass on a particular property, one should take into account all the other, far more valuable, properties owned by the same landowner: this cannot be correct.

45 In addition to taking into account loss of goodwill, the assistant registrar also found that the defendant had benefited from its infringement by being:<sup>90</sup>

... able to position itself not as an entry level brand, but a mid-tier up-and-coming brand which retailed luxury goods that were close substitutes of the plaintiff but with a far more affordable retail price.

Again, the assistant registrar seems to be accepting that the Cuffz brand was clearly discernible to potential customers of the defendant and that the defendant was positioned as a competitor, *not as a counterfeiter*. In this respect the facts of the case are patently different to *Converse* where the infringements were intended to be passed off as and for the plaintiff’s well-known “Converse” shoes, not as a cheaper competitor.

46 Nevertheless, in view of (a) the loss he considered had been caused to the plaintiff’s goodwill; (b) the benefit that had accrued to the defendant; and (c) the need to deter counterfeits, together with the defendant’s “contumelious disregard of the plaintiff’s intellectual property rights as well as the legal process”,<sup>91</sup> the assistant registrar awarded S\$35,000 in statutory damages<sup>92</sup> and thereby sent a clear message that those who “counterfeit” can expect to be punished severely. Although the particular facts of the case were not those of a typical “counterfeit” and the legal analysis of the infringement and its consequences leaves open a number of issues, the message is welcome.

47 In relation to copyright, where the remedy of additional damages for flagrant infringement has been part of Singapore law since 1987 and is sought almost as a matter of course, the remedy of statutory damages introduced in 2004 has been considered by the courts in only two copyright infringement cases, one in the High Court, the other in the District Court. (Of course, it is likely as a matter of practice that the statutory damages remedy is claimed as one of the optional remedies in many proceedings for copyright infringement and its presence in the panoply of possible remedies may impact the terms on which the actions are settled before or after trial of the substantive issues, but it is not possible to state definitively the extent of that impact as such settlements are normally confidential.)

48 In *PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd*<sup>93</sup> the plaintiff claimed statutory damages for

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90 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [33].

91 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [46].

92 *Louis Vuitton Malletier v Cuffz (Singapore) Pte Ltd* [2015] SGHCR 15 at [47].

93 [2012] 4 SLR 36.



infringement of five of its copyright drawings for marine winches. After finding infringement, Tay Yong Kwang J said in relation to this claim:<sup>94</sup>

I also took into consideration the various factors set out in s 119(5) CA. Firstly, as the plaintiff rightly submitted, the nature and purpose of the defendants' infringing acts were commercial and were done with the intent of gearing themselves up as a potential competitor of the plaintiff in the winch segment of the marine industry as evidenced by the publication of the infringing drawings in its catalogue and on its website for trade-related purposes. Secondly, the infringement was flagrant as the second defendant's story of finding the drawings incidentally while searching through old files in the first defendant's office could not be true. The defendants also made efforts to hide the fact of their acts of copying for instance by simply changing the respective names of the winches and flipping some of the profiles of the winches in the plaintiff's GA drawings from left to right in their own infringing drawings. Little or no regret was expressed by either defendant when they admitted to their infringing acts during the course of the trial. Thirdly, it was clear that the defendants did benefit from being spared the expense of time and effort in preparing and doing the GA [general arrangement] drawings when they simply copied from the plaintiff's works. I acknowledge the need to deter such infringements going forward, considering the unfair nature of the appropriation of the work of others. There was also some semblance of bad faith when the first defendant continued using and publishing the infringing drawings in the catalogue and website despite the plaintiff indicating in its letter of demand that that was an infringement of its copyright. More importantly, the conduct of proceedings by the defendants was less than satisfactory. For one, they had raised defences earlier in their pleadings which were unsupportable on the facts of the case, such as the non-expert defence and the industrial application defence. Both of these were eventually abandoned when the trial commenced. ...

In the light of the s 119(5) CA factors considered above and the approximate value of the drawings [which the judge had estimated would cost \$625 each to commission] ..., I decided that an award of statutory damages of \$5,000 *per* drawing would be appropriate in the circumstances. The total statutory damages awarded to the plaintiff in respect of its copyright infringement claim would therefore be a total of \$25,000.

49 Thus, the judge awarded by way of statutory damages a sum that was well in excess of that which would have been awarded under general principles for the assessment of damages in IP cases, which in all likelihood would have resulted in an award in the region of S\$3,125,

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94 *PH Hydraulics & Engineering Pte Ltd v Intrepid Offshore Construction Pte Ltd* [2012] 4 SLR 36 at [86]–[87].

being the cost of having five drawings prepared.<sup>95</sup> This is a good example of how the remedy should work in practice to provide a wronged copyright owner with damages that go some way to justifying the expense of litigation (the successful plaintiff will of course also obtain its taxed costs from the losing party but that is rarely satisfactory given the significant investment of time and money made by the wronged copyright owner).

50 In *Wong Wan Chin (Huang Wanjun) v Wang Choong Li Now or formerly t/a The Feline Bridal*,<sup>96</sup> District Judge Seah Chi Ling considered the claim for statutory damages in a case involving unauthorised copying of photographs of a minor celebrity (one of two sisters in the cantopop group 2R) by a wedding consultancy service. He explained without further comment that the remedy contained in s 119(2)(d) of the CA is based “on compensatory principles”<sup>97</sup> and then proceeded to consider in turn the factors set out in s 119(5), at least one of which (as already noted) cannot be viewed as “compensatory” on any reasonable understanding of that word.

51 The District Judge concluded his consideration of the factors by noting:<sup>98</sup>

I also considered the fact that there were multiple copyright infringements (eg 29 in total for the Pre-wedding Photographs), each attracting its own award of statutory damages. The amount awarded for each item of work must therefore be on the lower end of the range, so that the sum total is in line with the compensatory principles envisaged under Section 119(5) of the Act.

52 Taking all factors into account,<sup>99</sup> he awarded S\$1,500 *per* “pre-wedding” photograph, making S\$43,500 in total (plus a nominal

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95 In US legislation, 17 USC § 504(c) reserves the higher end of the range for infringements that were “willful”, although case law has held that constructive knowledge is sufficient to show wilfulness (eg, *Island Software & Computer Services, Inc v Microsoft Corp* 413 F 3d 257 at 264: cited in Pamela Samuelson & Tara Wheatland, “Statutory Damages in Copyright Law: A Remedy in Need of Reform” (2009) 51 Wm & Mary L Rev 439 at 441, fn 5).

96 [2014] SGDC 249.

97 *Wong Wan Chin (Huang Wanjun) v Wang Choong Li Now or formerly t/a The Feline Bridal* [2014] SGDC 249 at [101].

98 *Wong Wan Chin (Huang Wanjun) v Wang Choong Li Now or formerly t/a The Feline Bridal* [2014] SGDC 249 at [102].

99 Having decided the infringement was flagrant, the District Judge noted in *Wong Wan Chin (Huang Wanjun) v Wang Choong Li Now or formerly t/a The Feline Bridal* [2014] SGDC 249 at [102] at [101(c)] that “it was difficult not to form the impression that Defendant was also motivated by a desire to embarrass, shame and ridicule the Plaintiff” and (at [101(d)]):

... the fact that the Plaintiff had taken steps to keep her wedding private by making her wedding arrangements in Singapore. She engaged the Defendant  
(*cont'd on the next page*)

award of S\$1,000 statutory damages for some “wedding day” photographs, the copyright of which had been infringed but the defendant had not used in any way).<sup>100</sup> Again, this was a result that provided at least some measure of financial comfort to the wronged copyright owner, although whether in this case it was more than could have been obtained by the more traditional route of making a claim for ordinary and additional damages must be open to some debate. In this context, it is worth noting that the award of damages for non-financial loss was not unknown to copyright law even before the introduction of statutory damages: in *Nichols Advanced Vehicle Systems Inc v Rees*,<sup>101</sup> Templeman J (as he then was) made an order for additional damages pursuant to s 17(3) of the UK Copyright Act 1956,<sup>102</sup> which was in the same wording as the remedy in s 119(2) of the CA, on grounds which included the humiliation of the plaintiff.<sup>103</sup>

... this is a case where the defendants, by stealing a march based on infringement, received benefits and inflicted humiliation and loss which are difficult to compensate and difficult to assess in the normal course.

## VI. Conclusion and some proposals for consideration by policy-makers in Singapore

53 It is clear that the “standard” remedy of damages is rarely appropriate when the court is dealing with a case of deliberate infringement of IP rights, that is, where the infringer has knowingly used the plaintiff’s IP right for commercial advantage. Indeed, sometimes an infringer will have weighed up the chances of being caught in his clearly infringing activity and, if caught, the chances that

for this purpose, but the Defendant breached the trust reposed in her, and exploited the Plaintiff’s photographs for her own commercial gain. It was most unfortunate that the Plaintiff’s wedding, a once in a life time event, will forever be marred by this event. There is a need to deter similar conduct.

100 *Wong Wan Chin (Huang Wanjun) v Wang Choong Li Now or formerly t/a The Feline Bridal* [2014] SGDC 249 at [103]–[104]. On appeal, the District Judge’s finding that the plaintiff owned copyright in these “wedding day” photographs was overturned and the overall statutory damages awarded reduced by the S\$1,000 nominal amount he had awarded for their infringement: *Wang Choong Li v Wong Wan Chin* [2015] 4 SLR 41 at [69], per Aedit Abdullah JC.

101 [1979] RPC 127.

102 c 74.

103 *Nichols Advanced Vehicle Systems Inc v Rees* [1979] RPC 127 at 140. See also, in Australia, *Milpurrruru v Indofern Pty* (1994) 30 IPR 209, in which it was held that it is possible in an ordinary damages award to compensate the plaintiff for suffering and humiliation experienced within the artistic community; and *Aristocrat Technologies Australia v DAP Services (Kempsey)* [2007] FCAFC 40, where the Full Federal Court held that an award of additional damages is possible even where the ordinary damages awarded are nominal only.

his financial gains from infringement will outweigh the likely award of damages; concluding that infringing is a sensible commercial decision, however reprehensible that may be from a legal standpoint. In saying this, one is excluding from this category those many cases where there is a genuine dispute as to liability that could go one way or the other: after all, the burden of proof must remain on the plaintiff in this form of civil action as in all others.

54 In such circumstances, if IP rights are to be given the protection that they (or at least some of them) deserve, there is a need for an effective remedy (that in turn is cost-effective) for the wronged right owner. It was with that in mind that the negotiators of the Singapore–US FTA included a provision requiring a remedy not tied to provable loss. Unfortunately, the way the provision was implemented in the CA and TMA does not seem to have worked, to judge from the dearth of case law in the more than a decade since it was introduced.

55 To deal with the fact that there is very little guidance as to the basis on which a court will assess statutory damages in a particular case, serious consideration should be given to the possibility of adding to both the trade mark and copyright legislation something on the lines of the tariff for common types of infringement that was contained in the 1909 Act in the US. In the case of “counterfeit trade marks” this could take the form of sample percentages of the retail price of the infringing goods that could be used by the court when deciding the level of the award in a particular case – this would help reduce the need for successful plaintiffs to spend significant sums in legal costs that may not be fully recoverable in order to prove their case to the standard seemingly required by the *Converse* judgment. This “tariff” could then be relied upon by counsel for the owners of rights that have been knowingly and blatantly infringed by counterfeiters and pirates and act as a realistic deterrent. However, it is submitted that it is important to maintain caps on the amounts that may be awarded, individually and in the aggregate (although it may be argued what the appropriate levels of both are), to avoid the possibility of Singapore becoming an attractive destination for copyright trolls whose business model is based on mass threats of litigation resulting in the extortion of excessive amounts from unsophisticated infringers.

56 Likewise, especially in view of the under-utilisation in Singapore of the system for the registration of designs, consideration should be given also to the possibility of adding a claim for statutory damages for knowing and blatant infringement to the remedies given to the proprietors of registered designs. If it were decided to do so, again it would be essential to develop some form of tariff as part of the legislative amendments so that legal advisers have some indication of

the level of the likely award when deciding whether to make the election in favour of the new remedy.

57 Even more radical would be the introduction into Singapore law of statutory damages for knowing and blatant patent infringement.<sup>104</sup> However, to do so would go some way to meeting the concerns of patent proprietors that the conventional process and remedies to deal with infringement of these valuable rights to protect inventions are ill-suited to a commercial world in which litigation can become a war of attrition rather than a way of securing justice. In addition, it would send a strong message that Singapore is very serious about protecting these legal rights that are so essential to the growth of a vibrant 21st century economy.

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104 As at the time of writing, it would appear that the remedy of statutory damages for patent infringement has been introduced in China and Russia only.